

Message Text

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ACTION NEA-10

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BEIRUT FOR RCAA

E.O. 11652: N/A

TAGS: EAIR, BMEP, KU

SUBJECT: KUWAIT TO PURCHASE WIDE BODIED AIRCRAFT EARLY 1976

-- MAYBE

REF: A) KUWAIT 1457 B) BEIRUT 6260

1. EMBOFF RECENTLY HAD OPPORTUNITY DISCUSS KUWAIT EXPANSION PLANS SEPARATELY WITH KUWAIT AIRLINE CORP. (KAC) DIRECTOR PLANNING MAHMOUD MIRZA AND SALESMAN FOR LEADING U.S. AIRCRAFT MANUFACTURER VISITING KUWAIT. MIRZA GAVE EMBOFF MANY SEEMINGLY SOLID ECONOMIC REASONS WHY KAC MAY WISH TO DEFER DECISION RE PURCHASING WIDE BODIED AIRCRAFT. MIRZA EXPRESSED CONSIDERABLE CONCERN AT RATE WHICH NEIGHBORING COUNTRIES' AIRLINES WERE EXPANDING, CITING BELIEF THAT SOME AIRLINES, PARTICULARLY SYRIA'S AND IRAQ'S WERE GOING TO HAVE EXCESS CAPACITY. MIRZA SHOWED EMBOFF RUDIMENTARY STUDY AIRLINE HAD DONE ON REGIONAL EXPANSION PLANS WHICH SUPPORTED HIS CONCERN. HE FURTHER STATED THAT KUWAIT HAD DIFFICULTY EXPEDITIOUSLY PROCESSING PASSENGERS THROUGH THEIR ANTIQUATED PASSENGER TERMINAL (NEW ONE IS SCHEDULED FOR COMPLETION 1977) AND THAT SITUATION WOULD BE CHAOTIC IF WIDE BODIED AIRCRAFT CAME INTO SERVICE BEFORE NEW TERMINAL COMPLETED. HE MADE IT CLEAR THAT KUWAIT'S DECISION

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WOULD BE MADE ON FOR ECONOMIC REASONS AND NOT PRESTIGE. MOST

IMPORTANT TO KAC WERE ITS SHORT HAUL HIGH DENSITY ROUTES ESPECIALLY IN THE SUMMER MONTHS WHICH HE BELIEVED KAC COULD HANDLE ADEQUATELY THIS SUMMER WITH ADDITION OF ITS RECENTLY PURCHASED BOEING 707-321C FROM PAN AM. HE SAID THREE MONTH WET-LEASE OF BRITISH MIDLANDS 707 WOULD HAVE BEEN UNNECESSARY IF KAC COULD HAVE GOT PAN AM ACQUISITION INTO SERVICE BEFORE JUNE 1.

2. HOWEVER, ALL THIS MAY BE ACADEMIC SINCE KAC CHAIRMAN FEISAL FLEIJ, WHO KEY DECISION MAKER, INDICATED TO U.S. SALESMAN RECENTLY THAT HE WISHED TO REACH PURCHASE DECISION ON WIDE BODIED AIRCRAFT BY YEAR'S END. THIS REPORT SUBSTANTIATED BY KAC MAGAZINE EMBASSY HAS JUST RECEIVED "KAC NEWS" IN WHICH FLEIJ IS QUOTED AS SAYING "WE WILL OPT FOR WIDE BODY AIRCRAFTS (SIC) TO COPE WITH THE DEVELOPMENT NEEDS OF OPENING NEW ROUTES SERVING NORTH AFRICA DUE TO START AROUND THE END OF THIS YEAR OR IN EARLY 1976. THIS STEP IS IMPORTANT TO US FROM ALL DIFFERENT ANGLES..." WE WISHED LONG AGO TO TAKE THIS STEP AND NOW IS THE TIME."

3. COMMENT: IF FLEIJ DOES NOT CHANGE HIS MIND, IT MATTERS LITTLE WHAT MIRZA OR OTHERS THINK, KAC WILL PURCHASE WIDE BODIED AIRCRAFT SOON. WE EXPECT ALREADY STIFF COMPETITION HIGHLIGHTED BY WIDE BODIED AIRCRAFT DEMOS LAST FALL AND WINTER WILL INTENSIFY AS KAC PONDERES ITS CHOICE.
MAU

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